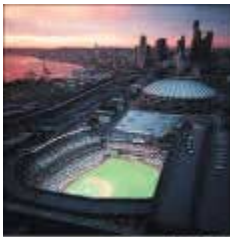


State of Washington, Employment Security Department

Claimant Expenditure Survey, 2002



Compiled by: Unemployment Insurance Division,
Office of Research and Analysis

Introduction

This report summarizes the results of the Employment Security Department's (ESD) Claimant Expenditure Survey (CES). The Unemployment Insurance (UI) Research and Analysis Office developed the initial research model, designed the instrument, and then conducted the pre-test and final survey. Several staff from the Labor Market and Economic Analysis (LMEA) branch of ESD provided additional support in developing the final research model.

Background

The State of Washington's UI program offers the first economic line of defense against the effects of unemployment. Through payments to laid-off workers, it ensures that at least a proportion of the necessities of life (food, shelter and clothing) can be obtained while a search for work takes place.

The purpose of the CES is to explore how unemployment compensation returns to the economy through an analysis of the household expenditures of claimants. Policy makers interested in the household spending of people receiving unemployment compensation can use this information while making decisions. The CES was also designed to allow for comparison to the results of the Bureau of Labor Statistics Consumer Expenditure (CEX) Survey, a more in-depth, and largest of its kind survey of household spending in the United States.

Methodology and Response Levels

The CES was pre-tested during June 2002, based on expenditures during May 2002, with 120 randomly selected claimants. The pre-test achieved a 30% response rate with a 16.6% error rate (obvious mistakes on the questionnaire that required follow-up phone calls). The wording on the questionnaire and correspondence went through a number of changes prior to the full survey in July 2002.

For the full survey, a number of criteria were established in selecting a survey universe. In order to be selected, a claimant must have filed a valid claim with an effective date between April 28th and May 26th 2002. Combined payments must have been between \$800 and \$1,984 for June 2002. Additionally, no single check amount could have exceeded \$496 during this timeframe. All

claimants participating in the Continuous Wage and Benefit History survey were excluded, as were people with a mailing address outside the State of Washington. 1,500 claimants were then randomly selected from a universe of 29,028.

Survey participants were first mailed an introductory letter, then four days later a one-page instrument accompanied by a letter of explanation. Participants were asked to respond within 10 days. Those who did not respond were sent a reminder letter 15 days later.

Survey participants were asked to record the number of people living in their household that were part of their family unit (i.e., excluding housemates and renters) and their total household income for June 2002. They were then asked to record all expenditures during June 2002 into the following nine categories: housing, food, transportation, credit card and loan payments, health, entertainment, apparel, education, and miscellaneous. In addition, participants were asked to record any money that was put into savings or investments during June 2002.

A toll-free number was available for participants to call with any questions concerning the survey. Confidentiality was emphasized on the questionnaire and in all correspondence.

Key Findings

65 % of claimant households responded that unemployment compensation represented the majority of their income, while 37% indicated that it represented their entire household income.

On average, claimant households spent in excess of 100% of their total household income (104.9%). Based on the CEX survey, households in the Western United States spent on average just 88.5% of their household income.¹

Claimant households spent the most money on housing, credit card and loan payments, food, and transportation.

Compared to households in the Western United States surveyed in the CEX, claimant households spent comparable amounts on housing, education, and miscellaneous items, slightly less on food, considerably less on apparel, entertainment, trans-

(1) For the purposes of the CEX, the western region includes Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

portation, and savings and investments, and slightly more on health care.

Survey Results

The survey achieved a 61% overall response rate, with a 1.1% error rate (all errors were successfully corrected with follow-up phone calls). The following two tables include both average and median amounts.² The median values were included because several cases had values that were unusually high, thus skewing the average.

Table One displays several summary statistics on household size, income, and expenditures resulting from the CES.

Table 1. Average and Median Summary Information

	Average	Median
Household Size	2.4	2
Total Monthly Income	\$2,842	\$2,218
Unemployment Compensation	\$1,506	\$1,574
Total Expenditures	\$2,980	\$2,621
Savings and Investments	\$145	\$0
Unemployment as a % of Total Income	52.9%	70.9%
Expenditures as a % of Total Income	104.9%	118.2%

Table Two details average and median dollar amounts spent on the nine expenditure categories of the CES.

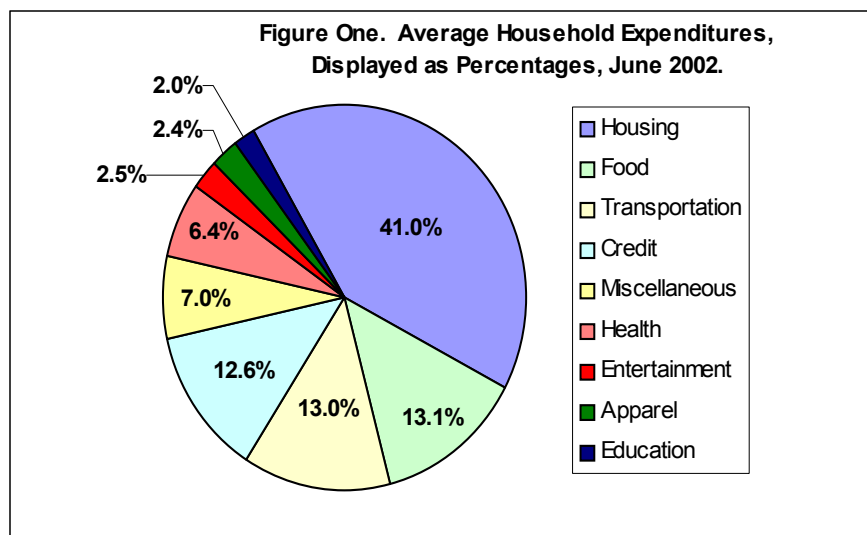
Table 2. Average and Median Expenditure Totals, by Major Category

	Average	Median
Housing	\$1,222	\$1,100
Food	\$392	\$350
Credit Card and Loan Payments	\$377	\$200
Transportation	\$387	\$300
Apparel	\$71	\$50
Education	\$58	\$0
Miscellaneous	\$208	\$100
Health	\$192	\$100
Entertainment	\$74	\$35

Figure One displays the average dollar amounts displayed in table two as percentages of the average total household income.

Comparisons to the CEX

The CEX provides information on the purchasing habits of American consumers, including income, household expenditures, and savings. During the year 2000, 24,410 households took part in the CEX in the Western United States.



(2) Median is a measurement of central tendency. It is the value of the case marking the midpoint of an ordered distribution of values.

Table Three compares the results of the year 2000 CEX to the results of the CES.

Table 3. CES and CEX Comparisons

	CES	CEX (West)
Total Average		
Monthly Income ³	\$2,842	\$3,889
Total Average		
Expenditures	\$2,980	\$3,444
Expenditures as a		
% of Total Income	104.9%	88.5%
	Expenditures (Average)⁴	
Housing	\$1,222	\$1,164
Food	\$392	\$463
Transportation	\$387	\$662
Apparel	\$71	\$162
Education	\$58	\$56
Miscellaneous	\$208	\$295
Health	\$192	\$167
Entertainment	\$74	\$168
Savings and		
Investments	\$145	\$426

As shown in this table, the CES population had a lower income and higher expenditures in relation to their income, spent less on transportation, apparel and entertainment, and saved and invested a considerably smaller amount of money. However, housing, food, health, and miscellaneous expenditures were fairly consistent across both the CES and CEX populations.

Table Four (next page) provides various demographic, geographical, and employment information on the 1,500 claimants randomly selected for this survey. Table Five (page five) provides the same information as Table Four for all respondents.

Further Information

For further information on the CES survey, please contact Mike Steenhout, UI Research and Analysis, at (360) 902-9340 or msteenhout@esd.wa.gov.

(3) The CEX presents figures annually; thus the figures presented in table three are simply 1/12th of these annual figures.

(4) The CEX does not collect information on credit card payments.

Table 4. Sample Population County of Residence, Demographics, Occupation and Industry

County	F	M	Total	Pct.
ADAMS	0	0	0	0%
ASOTIN	2	2	4	0.3%
BENTON	2	17	19	1.3%
CHELAN	4	3	7	0.5%
CLALLAM	2	5	7	0.5%
CLARK	25	44	69	4.6%
COLUMBIA	0	0	0	0%
COWLITZ	5	10	15	1.0%
DOUGLAS	2	1	3	0.2%
FERRY	0	0	0	0%
FRANKLIN	1	3	4	0.3%
GARFIELD	0	0	0	0%
GRANT	0	5	5	0.3%
GRAYS HARBOR	1	4	5	0.3%
ISLAND	5	12	17	1.1%
JEFFERSON	4	5	9	0.6%
KING	223	419	642	42.8%
KITSAP	16	34	50	3.3%
KITTITAS	2	0	2	0.1%
KLICKITAT	0	2	2	0.1%
LEWIS	1	5	6	0.4%
LINCOLN	0	1	1	0.1%
MASON	4	4	8	0.5%
OKANOGAN	0	0	0	0%
PACIFIC	2	1	3	0.2%
PEND OREILLE	0	1	1	0.1%
PIERCE	40	132	172	11.5%
SAN JUAN	0	0	0	0%
SKAGIT	1	22	23	1.5%
SKAMANIA	0	0	0	0%
SNOHOMISH	52	191	243	16.2%
SPOKANE	30	46	76	5.1%
STEVENS	0	8	8	0.5%
THURSTON	12	32	44	2.9%
WAHIAKUM	0	0	0	0%
WALLA WALLA	1	0	1	0.1%
WHATCOM	11	25	36	2.4%
WHITMAN	0	1	1	0.1%
X- Unidentified	1	6	7	0.4%
YAKIMA	2	8	10	0.7%
All	451	1,049	1,500	100.0%

Ethnicity	F	M	Total	
ASIAN PACIFIC	22	41	63	4.2%
BLACK	29	59	88	5.9%
HISPANIC	11	35	46	3.1%
NATIVE AMERIC	1	14	15	1.0%
OTHER INA	30	55	85	5.7%
WHITE	358	845	1,203	80.2%
All	451	1,049	1,500	100.0%

Age	F	M	Total	Pct.
Under 18	0	1	1	0.1%
18-20	1	2	3	0.2%
21-24	20	20	40	2.7%
25-34	116	248	364	24.3%
35-44	124	339	463	30.9%
45-54	130	267	397	26.5%
55-59	35	104	139	9.3%
60 & Up	25	67	92	6.1%
Unknown	0	1	1	0.1%
All	451	1,049	1,500	100.0%

EDUCATION	F	M	Total	
NONE	0	2	2	0.1%
1-7 YRS	1	5	6	0.4%
8-YRS	0	3	3	0.2%
9-11 YRS	7	26	33	2.2%
12-YRS	103	255	358	23.9%
GED	6	37	43	2.9%
SOME COLL/VOC	228	519	747	49.8%
2- POST	5	14	19	1.3%
AA/VOC CERT	17	48	65	4.3%
BACH DEG	56	95	151	10.1%
MSTRS DEG	22	33	55	3.7%
PHD DEG	6	12	18	1.2%
All	451	1,049	1,500	100.0%

INDUSTRY	F	M	Total	
AGRICULTURE	2	6	8	0.5%
FORESTRY	0	1	1	0.1%
FISHING	0	6	6	0.4%
MINING	0	1	1	0.1%
BLDG CONSTR	5	47	52	3.5%
HEAVY CONSTR	1	19	20	1.3%
SPEC CONSTR	4	85	89	5.9%
OTHER MFG	37	133	170	11.3%
FOOD PROC	0	1	1	0.1%
AIRCRAFT	33	173	206	13.7%
TRAN/COMM/UT	40	77	117	7.8%
WHOLESALE	24	59	83	5.5%
RETAIL	41	62	103	6.9%
FIN/INS/RE	44	43	87	5.8%
SERVICE	175	196	371	24.7%
HIGH TECH	21	72	93	6.2%
PUB ADMIN	18	34	52	3.5%
UNKNOWN	6	34	40	2.7%
All	451	1,049	1,500	100.0%

Occupation	F	M	Total	
Pro/Tech/Mgmt	230	415	645	43.0%
Cler/Sales	123	130	253	16.9%
Service	32	33	65	4.3%
Ag/For/Fish	2	12	14	0.9%
Process	6	22	28	1.9%
Machine	17	91	108	7.2%
Bench	15	30	45	3.0%
Struct	16	263	279	18.6%
Misc	10	53	63	4.2%
All	451	1,049	1,500	100.0%

Table 5. Respondent Population County of Residence, Demographics, Occupation and Industry

County	F	M	Total	Pct.
ASOTIN	1	1	2	0.2%
BENTON	2	8	10	1.1%
CHELAN	4	3	7	0.8%
CLALLAM	1	3	4	0.5%
CLARK	9	30	39	4.4%
COWLITZ	3	2	5	0.6%
DOUGLAS	1	1	2	0.2%
FRANKLIN	1	0	1	0.1%
GRANT	0	2	2	0.2%
GRAYS HARBOR	0	2	2	0.2%
ISLAND	3	8	11	1.2%
JEFFERSON	4	2	6	0.7%
KING	138	255	393	44.4%
KITSAP	12	21	33	3.7%
LEWIS	0	4	4	0.5%
LINCOLN	0	1	1	0.1%
MASON	2	2	4	0.5%
PACIFIC	2	0	2	0.2%
PEND OREILLE	0	1	1	0.1%
PIERCE	28	72	100	11.3%
SKAGIT	1	15	16	1.8%
SNOHOMISH	31	111	142	16.0%
SPOKANE	17	31	48	5.4%
STEVENS	0	3	3	0.3%
THURSTON	8	16	24	2.7%
WHATCOM	5	16	21	2.4%
YAKIMA	2	1	3	0.3%
All	275	611	886	100%

Ethnicity	F	M	Total	Pct.
ASIAN/PAC-ISL	14	23	37	4.2%
BLACK	16	27	43	4.9%
HISPANIC	9	17	26	2.9%
AM-IND/AK-NAT	1	8	9	1.02
OTHER-INA	16	24	40	4.5%
WHITE	219	512	731	82.5%
All	275	611	886	100%

Age	F	M	Total	Pct.
Under 18	0	1	1	0.1%
18-20	1	1	2	0.2%
21-24	11	3	14	1.6%
25-34	74	118	192	21.7%
35-44	75	195	270	30.5%
45-54	73	161	234	26.4%
55-59	22	75	97	11.0%
60 & Up	19	56	75	8.5%
Unknown	0	1	1	0.1%
All	275	611	886	100%

EDUCATION	F	M	Total	Pct.
NONE	0	1	1	0.1%
1-7 YRS	1	2	3	0.3%
8-YRS	0	2	2	0.2%
9-11 YRS	6	14	20	2.3%
12-YRS	56	127	183	20.7%
GED	4	15	19	2.1%
SOME COLL/VOC	145	318	463	52.3%
2- POST	3	11	14	1.6%
AA/VOC CERT	12	30	42	4.7%
BACH DEG	32	57	89	10.1%
MSTRS DEG	12	26	38	4.3%
PHD DEG	4	8	12	1.4%
All	275	611	886	100%

INDUSTRY	F	M	Total	Pct.
AGRICULTURE	2	0	2	0.2%
FORESTRY	0	1	1	0.1%
FISHING	0	3	3	0.3%
MINING	0	1	1	0.1%
BLDG CONSTR	2	21	23	2.6%
HEAVY CONSTR	0	6	6	0.7%
SPEC CONSTR	1	44	45	5.1%
OTHER MFG	20	79	99	11.2%
AIRCRAFT	21	112	133	15.0%
TRAN/COMM/UT	24	47	71	8.0%
WHOLESALE	19	35	54	6.1%
RETAIL	23	35	58	6.5%
FIN/INS/RE	28	25	53	6.0%
SERVICES	109	122	231	26.1%
HIGH TECH	13	43	56	6.3%
PUB ADMIN	11	18	29	3.3%
UNKNOWN	2	19	21	2.4%
All	275	611	886	100%

Occupation	F	M	Total	Pct.
Pro/Tech/Mgmt	147	267	414	46.7%
Cler/Sales	77	65	142	16.0%
Service	13	20	33	3.7%
Ag/For/Fish	2	4	6	0.7%
Process	3	12	15	1.7%
Machine	12	60	72	8.1%
Bench	7	20	27	3.1%
Struct	8	137	145	16.4%
Misc	6	26	32	3.6%
All	275	611	886	100%